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The Director of Central Intelligence
Washington, D.C. 20505

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National Intelligence Council

NIC 04243/1-85
26 August 1985

MEMORANDUM FOR: See Distribution

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FROM:

Assistant National Intelligence Officer for NESAs

SUBJECT: Warning and Forecast Report for Near East and South Asia

1. Attached is my report to the DCI based on our meeting held 22 August 1985. If there are any significant amendments or additions you wish to make, please let me know.

2. Next month's warning meeting will be held on 19 September 1985 at 1015 in room 7E62, CIA Headquarters. Please have your clearances passed and call with names of the attendees by noon 18 September 1985.

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3. I also encourage you to phone in suggestions for the agenda and proposals to make opening presentations. It would be helpful to have your comments for the next meeting by Monday, 9 September 1985.

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Attachment

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Washington, D.C. 20505

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National Intelligence Council

NIC 04243-85
23 August 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: [REDACTED]
Assistant National Intelligence Officer for NES

SUBJECT: Warning and Forecast Report for Near East and South Asia

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The August warning meeting discussed two subjects: violence on the West Bank and its impact on the peace process; and Pakistan.

1. West Bank. It is still not clear who is behind the recent killings of Israelis on the West Bank or what the motivations are for the deeds. Many analysts [REDACTED] suggest that it is the isolated actions of a younger generation of Palestinians operating independently of traditional, organized PLO cells, inspired by the example of Shia tactics in Lebanon and unfettered by the passive behavior of their parents. If this is the case, it introduces a new and politically very troublesome security problem for the Israelis. It will have devastating impact on the peace process.

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On the other hand, the West Bank has seen periodic flareups of Palestinian violence against Israeli settlers, and this may be just the latest episode of such violence. There are some new variables that may be aggravating the current situation.

- Israel released in May, 1985 approximately 1,100 Palestinian prisoners--some of them convicted of murder--and allowed many to resume residence on the West Bank. They returned as heroes, and may have inspired younger Palestinians to consider terrorism against Israelis.
- Tensions and frustrations--always high on the West Bank--are rising. Israeli settlers continue to take the law into their own hands, occasionally engaging in vigilante attacks on

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Palestinians. Worsening economic problems, both in Israel and elsewhere in the Arab world, are reducing job opportunities for Palestinians and potential opportunities for them to escape the West Bank.

- The atmosphere on the West Bank is poisoned by religious fanatics [redacted] who are spearheading an aggressive Jewish fundamentalism that calls for the expulsion of all Palestinians from every part of Yeretz Israel.
- Adding to a generally inflammatory situation is the prospect of movement in the peace process, which is opposed equally vigorously by both Arab radicals and Jewish extremists--who do not want to have to give up land or settlements on the West Bank as part of a peace agreement.

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Warning Notes

All the ingredients are present for further spontaneous acts of violence by Palestinians against Israelis, and retaliatory violence by Israeli vigilantes against West Bank Palestinians. Regardless of who is behind this recent Palestinian violence, more radical Arab players like Syria will promote more violence and try to take advantage of it because of its obvious potential for disrupting the peace process. So far the weapons used in the Palestinian attacks have been unsophisticated--mostly knives. Evidence of more advanced weaponry such as plastic explosive would be a worrisome sign of more sophisticated organization and talent on the terrorists' part, and probably of foreign backing.

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2. Pakistan. Major items of interest in Pakistan are internal political developments revolving around the lifting of martial law, the economy, Shia disturbances, and the impact of political developments in Pakistan on bilateral relations with the United States.

Internally, Prime Minister Junejo--presumably with President Zia's blessing--has announced that martial law will end by January 1986. A major hurdle to ending martial law will be to allow the development of

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political parties. Zia will want to string the process out; the National Assembly will want to speed it up. The January timetable could easily slip; although Junejo's announcement was undoubtedly cleared with Zia, the President himself did not make it and could later disown it. A number of factors could also derail the lifting of martial law:

- Ethnic problems.
- Further Shia disturbances.
- External factors beyond Zia's control such as greatly increased pressure from the USSR over Afghanistan or from India on the nuclear issue.

The evolving parliamentary system in Pakistan is probably both a plus and minus for Zia: it strengthens his political legitimacy but could also sow the seeds for increased--certainly more vocal--opposition to him and his policies. On balance, it appears to be a definite plus so far.

Allowing Benazir Bhutto to return for her brother's funeral is a sign of Zia's confidence. It is not yet clear if she will stay in Pakistan or return to Europe, but she is unlikely to have major impact on internal politics unless things go much worse for Zia.

Economically, the storm clouds appear to be gathering--perhaps more rapidly than most analysts would have predicted a few months ago--and Pakistan is negotiating with the IMF. The major concern for US policymakers is whether the necessary economic reforms would cause public discontent serious enough to threaten Zia's regime.

So long as he is content with bilateral ties, Zia is not likely to allow the Assembly to question Pakistan's ties to the US, and especially not the issue of Afghan policy. He may well decide to allow questioning later this year, however, as negotiations with the US over further military assistance comes to a head.

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23 August 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT: Warning Meeting Report for Near East and South Asia

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